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Assessing the gap between customer expectation and perception of service quality and E-Service quality in the banking industry: An empirical study of foreign and domestic banks in the city of Kuala Lumpur

John John Udoh ^{a,*}, Meysam Safari ^b

^{a,b} *SEGi University, Kota Damansara, Malaysia*

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ABSTRACT

For any organization to be relevant to its customers, it is proven by research and organizations, that Service and E-service quality is a very vital aspect of organizational development. Based on recent and previous studies, it is shown that researchers continuously want to study how service or e-service quality relates to customers satisfaction. Nevertheless, after understanding the literature and comparison has been made, the author realizes that service and e-service quality have been covered in different organizations, context, and industries. Also, the banking sector has not been left out. As a conclusion, with regards to the findings, it clearly shows that both domestic and foreign banks have not done enough to close the gap of expectations from their customers regarding their service quality and e-service quality, compared to what the actual perception is for the customers.

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*Corresponding Author:
johnnyudoh2k3@yahoo.com

1. Introduction

Lensink and Hermes (2004) report confirms the transformation of global banking activities ever since in the 1960s, till date. This is as a result of continued foreign direct investments, and foreign trade between countries which saw to the globalization of capital markets, and the opening of local financial markets. Figures from United Nations Conference on Trade Development (UNCTAD) indicates an increase from US\$55 billion to US\$1.8 trillion in global foreign direct investment ever since the 1980s till date (United Nations, 2013). The reason the figures reported is high, is due to factors such as the opening of borders to trade between countries, growing global demand for goods and services, etc. A testimony to this is the amount recorded in 2012 whereby the sum of US\$1.35 trillion was reported. However, the next year recorded a value of US\$1.45 trillion, as global investors regained their confidence in the medium term (United Nations, 2013). With a significant increase, many academicians like Manlagñit (2001) argues that such increase recorded in Foreign Direct Investments is as a result of the growing service sector particularly financial investments. It is the reason that many researchers have picked interest in knowing the impact of foreign banks, competing with local banks regarding their services and e-services, profitability, liquidity, etc.

The expansion of financial institutions overseas in recent decades has supported increasing trend of investment abroad by Malaysian companies. Due to this expansion, six domestic banking groups are established in 19 countries with mostly overseas operation centered in Southeast Asia, Bank Negara report (2011). The same report shows that this operation has grown significantly because as at 2010, the total overseas assets and contribution of overseas pre-tax profit of Malaysia banking groups were RM240.2 billion and 13.6% respectively, compared to RM3.3 billion and -4.3% in 2002.

According to Bank Negara Malaysia info (2012), a total number of 60 banks operate in Malaysia. The banks are broken down into different sectors such as; commercial banking sector, foreign banks, Islamic banks, and investment banks. Each bank has their various subdivisions. From the reports of Foreign Banks Association (2012), it shows that just like in other countries, foreign banks do play a vital role in the banking industries in Malaysia. That is why the same association convincingly mentions how relevant foreign banks are in the daily international financial trading with the Asian markets, and Kuala Lumpur.

In the case of domestic or foreign banking companies, service quality has become a major norm in their operations (Amoaka, 2012). Service quality has become a much vital tool to banking corporations, as this helps in certain ways, such as attracting fresh clients, satisfying loyal existing clients, and remaining more relevant in the industry (Onut et al., 2006). With the continuous growth and demand for financial services in the banking sector, they are numerous hurdles in which the banks face (Amoaka, 2006). An example of such hurdles for banks could be combining various systems into a comprehensible, useful structure while delivering quality service to their clients at ease, at the same time protect the secret of the challenges in which the banks faces.

Based on the fact that both Bhasin (2012), and Amoaka (2012) share the same thoughts on how relevant customer services have played a huge role in the marketing of banking services to its target market, customers tend to demand more recently. For this reason, banks rebrand their services/products in a very attractive way that what customers perceives, matches their expectations (Bhasin, 2012). Additionally, with a proper service quality conduct by the banks, the possibility of growth in customer base is high, more profitability, reduction of operation cost, and building of customers loyalty (Zellman, 2012).

Therefore, all companies need to consider that when manufacturing any product or service, they should not consider themselves as such, but rather as buying customers, and satisfying them through their services so it will make them return for more (Levitt, 2006). Analyzing service quality from a customer's perspective, it is viewed as a comparison between the expectation from the customers, and the actual services they receive, and how they conclude (Parasuraman et al., 1985). From the reading of Oakland (2000) and Swar and Sashoo (2012), in the literature of service quality, it states that customers' expectations can be categorized as the needs of customers. Also, for companies to compete in the tough competitive markets, service quality will be deemed necessary to provide good quality services (Nakhai and Neves, 2009). Nevertheless, the comparison of the gap between customer's expectation and customer's perception of both domestic and foreign banks in Kuala Lumpur less studied.

2. Literature Review

Service quality has been of interest to many academics over decades ago; that is why there have been countless contribution to the conceptual framework of service quality. Amongst the scholars, Suuroja (2003) believes that the conceptualization of service quality is based on customers' perceived quality in comparison to a particular outcome and values. Which implies the existence of service quality varies in performance. Another advocate of this model is Gronroos (2000), who believes service quality to be a comparison of what customer expects, and what they receive. Adding what customers perceive in service quality rendered to them is the services expected, the degree of image quality, be it technical or efficient quality.

2.1 Service Quality

As a priority to companies, they should ensure that they do not categorize themselves as product or service manufacturer only, but interested buyers of new and existing clients. Doing this will keep them focus on delivering quality service that will help building customer loyalty. On the other hand, customers only make their judgment based on the services they receive, and then make a comparison with what they expected or what is being offered by competitors. Nakhai and Neves (2009) mentioned for a company to have a competitive advantage over its rivals, it is vigorous to have an outstanding service quality in the industry (Herberholz, 2008).

Another insightful view of service quality is that of Herington (2009), which stipulates that for customers to be excited and satisfied, adequate service quality will need to be the foundation. Also, from the previous researches, it is evident that with a proper service quality, the hurdles companies faces such as low profits, low margin in return of investments, and less customer base will all be overturned.

Due to the extent of temporary and imperceptible to define the term service quality, O'Neill (2011) found it difficult to arrive at a particular definition. Moreover, William and Buswell (2003), confirms that even specialist in the service quality field finds it difficult as well to define. However, service quality as defined by Caruana (2002) is the comparison being made by customers on what they expect regarding services from any company, and the perception on how the services are conducted.

The necessity of quality has risen at a very rapid pace in such a way its impact is felt by everyone, be it private, public, local or foreign bodies. As described by William and Buswell

(2003), for total quality management to be achieved, incorporation of quality in the business environment is vital, and a constant innovations and development of organizational culture is eminent. That is why companies need to realize how powerful the tool of service quality is in the global and domestic market.

Service quality is now one of the most adopted tools for marketing in today's generation, and the prioritized tools in handling customer satisfaction related scenarios. That is why Lee (2011) suggests that banks need to put their staffs on constant service training so that they will be well equipped on how to attend to customers. Also, physical appearance and conditions of their property and facilities should be nicely decorated and maintained for customer's convenience.

2.2 Measuring Service Quality

There has been a different perspective of view in service quality by previous scholars, one being that of Oakland (2000), who considers customers' expectations as wants and desire, and the view of Cronin and Taylor (1992), who views service quality as vital ingredients for customer satisfaction. Additionally, another author argues that customer satisfaction hinders future decisions and perceptions from customers (Swar and Sahoo, 2012). For the current rationale to have been reached, lots of literature reviews on service quality have been done. However, it all bottoms to 2 school of thought, the first being designed by Gronroos (2000), which is the three-dimension model, and the second being the five dimensions of Parasuraman et al. (2000) SERVQUAL model.

Gronroos's (2000) three dimensions suggestions are:

1. The results of quality in regards to technical service delivered. Meaning the actual result from services provided and how customers consistently appraise the services provided in an impartial manner.
2. The functional level of service received. This dimension is mostly used in identifying the relationship between service providers and customers. It usually experiments in a subject manner.
3. The image of the company: The perception customers have on company's image is important. For customers to have this image, both technical dimensions, and functional dimensions play a vital role. Also factors like company location, staffs' performance and other factors contribute.

Not only Gronroos have come up with the three dimensions of service quality, but also Lehtinen and Lehtinen (1992) designed theirs as well. Only that the three dimensions in which the designed, argues that for quality to be determined, it is important to know the difference between quality related to service delivery processing, and quality related to the outcome of the services. That is why the three dimension designed by Lehtinen and Lehtinen (1992) consist of physical quality that has to do with items that can be seen and touched, a good corporate image for service quality, and interactive quality which implies on how service firms communicate with their customers (Freund, 2010).

Another prominent scholar's dimension of service quality that is among the schools of thought is that of Parasuraman et al. (2000). They all had their detailed steps that guided them in developing service quality dimensions. Not to mention how they used the construct of previous scholars such as Churchill (1979). The result guided the scholars on how to derive the framework of SERVQUAL, which in today's service quality, is one the most sort after service quality dimensions company can use to measure the satisfaction rate of their customers (Kaur, 2012).

Ever since the five dimensions of SERVQUAL was generated, researchers have capitalized on it as their platform for measuring different service qualities in companies, hospitals, hotels, call centers, and even banks. This alone implies that service quality is in the existence of any service markets. However, due to certain factors, the traditional SERVQUAL dimensions cannot be used in measuring e-service quality. This factor includes no sales representative in person, no tangible elements, and it is all about self-service. Due to this reason, Parasuraman and Grewal (2000) suggested that further studies should be done if SERVQUAL measurements cannot assist in measuring technology and service quality. Not only did the recommendation come from them, but other researchers recommend further amendments on SERVQUAL scale before it can be used as the standard formula in measuring internet age service quality. In a nutshell, Rust and Zahoric (1993) concluded their research by recommending that for a customer to have the purchasing drive, and be satisfied is a positive reflection of perceived service quality (Magri, 2012).

Table 1

Dividing of the Twenty-Two Service Quality Scale amongst the Five Dimensions

Service Quality Dimensions	22- Item Scale
Reliability	Delivering promised services
	Steadfastness when it comes to solving customers problems
	Accurate service performance upon the first time
	Accurate service delivery in the stipulated time
	Maintenance of minimal to zero error record
Responsiveness	Updating customers on when to expect the completion of their service
	Quick service to customers
	The zeal to assist customers at all time
	Eagerness to response to customers' requests
Assurance	Guarantying customers confidence through employees
	Making all transaction safe and secured
	Consistent well-mannered employees
	Employees whom possess the right skills and knowledge
Empathy	Paying individual attentions to customers when needed
	Showing care when attending to customers
	Putting the best interest of customers at heart at all time
	Knowing the needs of the customer's should be priority to staffs
	Operating hours should be convenient
Tangibles	Up to date equipment's and tools
	Nice and attractive facilities
	Employees should be neat and professional at all times
	Materials used for operations, should be attractive

2.3 E-Service Quality

With the constant growth and innovation of information communication technology, and the introduction of applications supported on the internet, Hongxiu et al. (2009) suggest that this could be the period in business where the impact of such tools could be very vital. That is why companies do not just realize how powerful internet tool is in the industry and focus only on attracting new clients, but instead making efforts to attract new clients and manage existing ones as well (Yang and Jun, 2002). For this reason and many more, companies have gone into serious research and development on how they can use the e-commerce trend to propel their competition in their various industries as well as using it as a proper medium to reach out to their customers (Praci, 2010). Through this cutting edge innovations, companies that have adopted the e-commerce trend of marketing, have not only applauded how it has helped in interacting with their clients but base any form of failure or success on not only the

introduction of the internet but as well the integration of E-service. This brings about the definition of the term e-service. As the term "e-service" might imply, it refers to providing adequate services to customers in a professional way, through the use of networking platforms, citing the internet as an example. Just as it is imperative to satisfy customers over in person, the same is needed for e-service only that this is done over the internet.

Just like service quality, they have been different definitions of e-service quality by many scholars, as they all have seen how vital it is to adopt it while serving customers. Santos (2003) defines e-service as the assessments of e-service quality in the cyber market. On the other hand, Zeithaml (2002) describes e-service as how to go through the website of a company, transaction such as purchase, shopping, safety, and delivery could be done in an effective and efficient manner. Over the previous years, it is evident that the choice of customer's consumption is accustomed to the degree of service quality, thus showing the linkage to e-commerce in present times. An evident to this finding is in the research of Kuo (2003), where the researcher reported how service quality could be used to measure reason of website success, sources of happiness in online transactions, and quality of online websites. With the aid of e-service, the constant innovative trend in the digital world is much beneficial to the company conducting it well, that is why it is highly recommended by scholars like Oliveria et al (2002) to an organisation that intends to attract new clients in the digital edge (Shahin, 2011).

2.4 E-Service Quality Dimension Development

Just as it is vital to maintaining and servicing machines that are used for large or small scale manufacturing, the same is required for e-service. The adoption of this tool in competing in the digital market needs constant appraisal and measures, so as to ensure that adequate steps are taken. That is why researchers come up with different measurements that could be used in measuring the degree of e-service quality provided by an organisation. To derive the measurements, scholars focused more on online shopping activities, quality and standard of the website, and also the quality of e-service to be delivery timing, or call center responses (Lee, 2011).

There have been series of research in regards to e-service quality, and most researchers use a combination of online conventional service quality measures and interface service quality measures as their foundation when starting their research. Lots of dimensions of e-service quality have been written by scholars, starting with Dabholkar (1996). He studied on how

measurement could be done on e-service about website services. The researcher discovered that a seven-dimensional view was essential to rule in e-service quality, ranging from the usability of the site to design of the website, pleasure, reliability, delivery and control (Kalluru, 2009). Yoo and Donthu (2001) came up with their four-dimensional scale called SITEQUAL which comprises of the aesthetic design of the website, ease of use, processing speed, and interactive response from site operators, to measure e-service quality. Additionally, other scholars like Cox and Dale (2001) designed a six-dimension scale for e-service quality to measure the accessibility of the website, outlook, understanding, communication, availability, and credibility. ETailQ dimension for e-service quality was designed in 2003 by Wolfinbarger and Gilly. It aimed at measuring four dimensions that are; security, customer service, reliability, and design of the website.

In quality measurements especially when dealing with e-service, researchers have variability in results (Kim et al., 2002). With the numerous e-service quality measurements developed by various researchers, Santos (2003) emphasizes that for e-service quality to be measured, both active and inactive measurements are needed.

Knowing the difference between a customer that do an online purchase and one who do not, and also the disparity between satisfied customers and dissatisfied customers is essential. Yang and Fang (2004) developed a four-dimensional scale that consists of reliability, responsiveness, ease of use, and competence of the website. Both previous scholars, Zeithaml et al. (2002) and Parasuraman et al. (2005) after recommending further studies into developing of dimensions that could be used to scale e-service quality, developed an E-SQUAL scale. The scale is based on their previous traditional dimensions, developed for service quality. However, the E-S-QUAL consists of seven-dimensional scale that was later expanded by Kim et al. (2002) into nine-dimensional measures to assess satisfactory of the website retailing.

Many debates have risen ever since e-service quality was invented; in various areas such as how ready is the technology for customer's usage, awareness in services provided, website devotion, and customer satisfaction. For online customers to be satisfied, it depends on the readiness of the website (Yen, 2005), and how their previous experience of customer had been (Rowley, 2006). Furthermore, it is proposed by a report from Cristobal et al (2007) that for a customer to be fulfilled while operating a website, the devotion and loyalty must be there. This is the reason why a developed four-dimensional scale used in measuring e-service quality, with customer's loyalty as their main target.

2.5 The Gap Model of Service Quality

Parasuraman et al. (2000) developed a gap model for service quality so that customer's satisfaction framework can be prioritized. Based on the studies conducted by the author in forms of a focus group, personal interviews, the exploratory studies indicates that customers opinion on service quality is affected by the four gaps in any companies customer environment (Jeon, 2011). As it is in the model, there is a gap between what customers do expect, compared to what they perceive from their service provider. Thus, the author derived the five gap model, whereby the major four gap deals with the company gap. It is important to note that all four of company gaps are affected by the outcome of the customers gap.

Furthermore, there have been an expansion of service quality gap developed by Parasuraman et al. (2000). With prominent scholars like Curry (1999) and Luk and Layton (2002) the service quality five gap model have been expanded to seven important gap model. As a conclusion, the majority of the researchers consider Gap1, 5, and 6 as the most important gap model as they deal with customers directly (Kaur, 2012).

Gap 1: This is widely known as Understanding gap model. It illustrates the comparison between management perception and customer's expectation. Usually, incidents of this nature occur when there is a lack of proper marketing and poor information sharing between the up ranked management staffs and the employees. Without knowing what customers expect in terms of services, will contradict to the service delivered, thus creating an expectation gap (Hemanth, 2011).

Gap 2: Otherwise known as the Procedural gap is the gap between service specification and management perception. The management needs to know how to translate any perception into a significant design of service quality (Vovici, 2009).

Gap 3: Also known to be the behavioral gap is when there are no clarity and misconception in a company that results in the gap between service specification, and service delivery. Other major contributors to this gap could be poor staff performance, inadequate technology, lack of managerial skills, and low performance in teamwork.

Gap 4: This has to deal with the output of delivery and how it is communicated which brought about the promotional gap name. When companies tend to promote their services in an attractive manner, while their actual service is not the same, this becomes a gap and tarnish customer's expectation towards their services or product.

Gap 5: Otherwise known as the perception gap, is when customers have experienced a particular service, in comparison to what they expected. However, the experience could come in form of personal needs or word of mouth from either friends, family or strangers (Janatyan, 2011).

Gap 6: This happens when there is a contradiction between employee's perception and customer's expectation. Companies do have their employees attend to customers, so if there is any misinterpretation of customer's expectation and employees perception, such gap is the outcome.

Gap 7: This is mostly internal, in the sense that there is a gap between management's perceptions and that of their employees.

2.6 Research Framework

With reviews on previous researches done on service quality and e-service quality of organisations by numerous scholars, it has been noticed that only a few covered the expectation and perception gap in banking industries in Kuala Lumpur. This derives the author of this research developed an interest in assessing what customers expect from both their local and foreign banks in Kuala Lumpur, compared to what they actual Perceive.

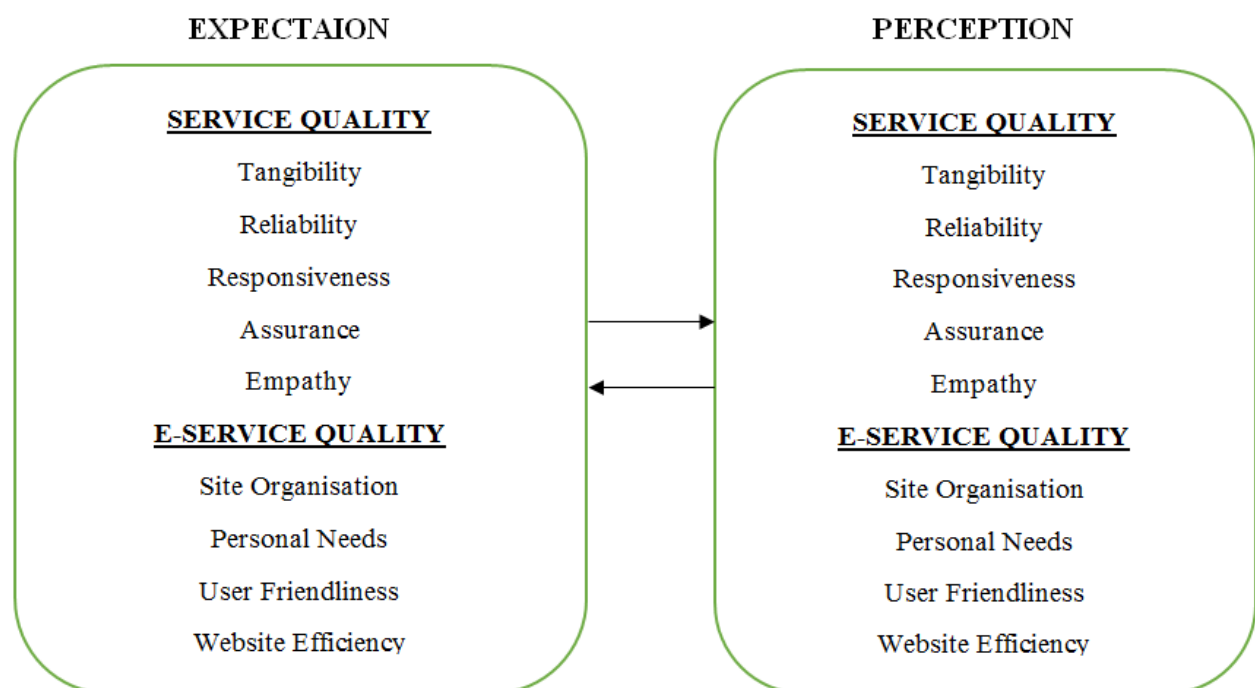


Figure 1
The Conceptual Framework

3. Research Methodology

3.1 Data Collection Method

The variety of data needed for this study lead to the researcher using various methods in gathering them. Sources such as journal posted by different authors, books, articles, newspapers, etc. were the medium used in gathering data. Additionally, published online journals, company websites, e-library, etc. also played a vital role in the process. Nevertheless, the two different groups (primary and secondary) designed in gathering the relevant information for this research, is discussed below.

3.2 The Primary Data

From the definition of Wild and Diggines (2009) on what primary data is, it is described as the gathering of information or data for research from the beginning through a survey. This can be either in the form of handing out questionnaires, or conducting interviews or carrying out experiments or detailed observations. One of the core advantages of primary data is that the responses gathered from different respondents, are legit, and their different opinion on a particular subject matter helps a lot. That is why the researcher collected primary data through the designing and distribution of questionnaires, to banking customers in foreign or local banks within the city of Kuala Lumpur.

3.3 The Sampling

The main aim of a research of this magnitude is to know what customers expectation and perceptions are, and the only way to achieve that accurately is to generalize the information collected through a wider population (De Vaus, 2002). The sampling process in research as defined by Shi (2008) is when choosing a subgroup of people in a population to study and collect related opinions on the research matter, and then drawing a conclusion based on the findings from the population. The sampling process includes five different steps that are; outlining the population, defining the sample frame, choice of sample methodology, selection of sample size, and lastly, choosing the sample (Stevens et al., 2006).

The chosen population for this research by the author is those from the age of 18 and above, who works and do transactions with the various banks- domestic or foreign in the city of Kuala Lumpur. Between simple random sampling, and stratified random sampling, the author chose the stratified random sampling for this research. The reason is that more precision in

the coverage of population will be derived from respondents compared to the other sampling method.

The author designed two hundred survey questionnaires that were handed to customers who are active in dealings with foreign and domestic banks in the city of Kuala Lumpur. The choice of distribution location in Kuala Lumpur city were; Kuala Lumpur Convention Centre (KLCC), Pavilion, The Curve, and a selected student hostels and libraries, also through emails, fax, and social media.

3.4 Questionnaire Design

For the fact that the questionnaire design is structured based on previous literature review, no personal or uncomfortable questions were included by the researcher. The main aim of conducting the survey is to see if the hypothesis generated will be accepted or rejected, thus leading to the pattern in which the questionnaire was designed. Knowing the sampling crowd and how it might be difficult for the respondents to answer if being asked tough or complicated questions, the author ensured that terminology used in the questionnaire, are simplified to any respondents understanding. Also, a note that introduces the author and the purpose of the research was provided. Furthermore, an explanation of the estimated time to be taken to complete the questionnaire, and assurance of anonymity was provided as well.

The questionnaire was designed in three different parts. The first part asked about customers' expectations in regards to service quality and e-service quality of their banks- domestic or foreign. The second part referred to the perceptions of customers towards the service quality or e-service quality they receive from their banks. The last part of the questionnaire is about respondent's demography. Both the first and second part of the questionnaire had to do more with respondent's needs and feelings of service and e-service qualities of their different banks, and how they could rank it in the structure of the questionnaire.

The author referred to Parasuraman et al. (1988 and 2005) dimension scale for service quality and e-service quality in the designing of the first and second part of the research. The structure remained the same only that few changes were made to suit the understanding to respondents, and maintain the validity of the research. The nine variables of SERVQUAL and E-SERVQUAL were tested in all the items used in designing the questionnaire. For easy comparison, tabulation and analysis, it is recommended to use close-ended or multiple-choice questions in collecting information from respondents (Daniel and Berinyuy, 2010). Due to the efficiency of closed-ended questions, the author used a five-point Likert-scale to measure

respondent's acceptance to a particular question. The scale was from 1 to 5 whereby "1" represented strongly "disagree" and "5" strongly "agree".

3.5 The Secondary Data

Previously collected primary data, which were meant for purposes of previous researches and are currently used as a reference for another purpose, is known as secondary data. They are usually used in comparing recent studies to that of primary data, and as well gather more insightful information. The evaluation of collected secondary data is the basis in which hypothesis questions are generated. For this research, all information used as guidance are referenced properly, quoted appropriately, and paraphrased when needed.

For the fact that the author decided on a deductive approach to this research, the hypothesis was generated based on literature reviews and theories of previous scholars. This implies that secondary data through the forms of relevant published books, journals online, newspapers, etc. were already gathered for this research.

4. Analysis and Discussion

4.1 Descriptive Statistics

Out of 200 questionnaires that were distributed to participants in this research, there was no rejection which means both 100 domestic bank customers, and 100 foreign bank customers helped in filling up their survey forms. The mode of communication was via face-to-face interview, emails, and fax. Below is a detailed explanation of how the different respondent felt about the service quality and E- service rendered to them by their different banks:

4.2 Gender of Respondents

With the results of the analysis, it shows that out of the total number of the answered questionnaire the majority were male respondents with the frequency 152 out of total 200 respondents while female were 48.

Table 2
Gender of Respondents

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	152	76	76	76
Female	48	24	24	100
Total	200	100	100	

4.3 Age of Respondents

The dominant age group from the respondents was 26-35 (45%) and 18-25 (25%). This is due to majority of the survey form handed out, were to students and individuals who were around KLCC and those who responded to the survey form emails. The other age groups percentage is provided in the table 3

Table 3
Age Group of Respondents

Age group	Frequency	Percent	Valid Percent	Cumulative Percent
18-25	50	25.0	25.0	25.0
26-35	90	45.0	45.0	70.0
36-50	24	12.0	12.0	82.0
51 and above	36	18.0	18.0	100.0
Total	200	100.0	100.0	

4.4 Occupation of Respondents

The majority of the respondents are employees of various organizations (61 respondents), and self-employed (47 respondents). The remaining frequency of occupation such as unemployed, students and retired is given in Table 4

Table 4
Occupation of Respondents

Occupation	Frequency	Percent	Valid Percent	Cumulative Percent
Student	31	15.5	15.5	15.5
Employee	61	30.5	30.5	46.0
Self employed	47	23.5	23.5	69.5
Unemployed	45	22.5	22.5	92.0
Retired	16	8.0	8.0	100.0
Total	200	100.0	100.0	

4.5 Respondents Banking Duration

Most participants have been banking with their various banks within the duration of 1-3years (49.5%), and also those who have been with their banks for 10 years and above (22.0%). Table 5 shows more details on the respondent's duration with their banks.

Table 5
Banking Duration of Respondents

Banking Duration	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 1 year	28	14.0	14.0	14.0
1-3years	99	49.5	49.5	63.5
3-5years	29	14.5	14.5	78.0
10years and above	44	22.0	22.0	100.0
Total	200	100.0	100.0	

4.6 Education Level of Respondents

The majority of the respondents are college/ university graduates (56.0%), followed by graduates of a graduate school (28.5%). Only a few respondents are professors:

Table 6

Education Level of Respondents

Education Level	Frequency	Percent	Valid Percent	Cumulative Percent
High school	25	12.5	12.5	12.5
College/ University	112	56.0	56.0	68.5
Graduate school	57	28.5	28.5	97.0
Professor	6	3.0	3.0	100.0
Total	200	100.0	100.0	

4.7 Income Level of Respondents

Out of the 200 respondents, 25% left this question blank. While 28.5% of respondents indicated that their income level is below RM3000, followed by those respondents with a monthly income of RM3000- RM5000 (21.0%). Table 7 shows the analysis of the missing respondents, and the other income level.

Table 7

Income Level of Respondents

Income Level	Frequency	Percent	Valid Percent	Cumulative Percent
Below RM3000	57	28.5	36.8	36.8
RM3000- RM5000	42	21.0	27.1	63.9
RM5000-RM10,000	33	16.5	21.3	85.2
RM10,000 and above	23	11.5	14.8	100.0
Total	155	77.5	100.0	
Missing	99.00	45	22.5	
Total	200	100.0		

4.8 Reliability & Validity Test

Keeping in mind the end goal to test the dependability of the information, Cronbach Alpha is utilized. The researcher utilizes IBM SPSS factual programming to examine the information. In the event that the Cronbach Alpha is more than 0.70, then it is expressed that the information gathered is exceptionally dependable and substantial.

Table 8

Values of Reliability

NO	Variables	No of Items	Cronbach's Alpha (Perception)	Cronbach's Alpha (Expectation)	Remarks
1	Tangibility	3	.759	.925	Good
2	Reliability	3	.743	.791	Good
3	Responsiveness	3	.865	.951	Good
4	Assurance	3	.758	.935	Good
5	Empathy	3	.931	.920	Good
6	Personal Needs	2	1	.836	Good
7	Site Operation	2	.972	.849	Good
8	User Friendliness	2	1	.855	Good
9	Website Efficiency	2	.985	.814	Good

Table 8 shows the Cronbach's Alpha of the different variables tested. With all the results above 0.70, and no variable below the standard mark, indicates that all the variables tested, are reliable in determining customer's perception and expectations from domestic and local's banks operating in Kuala Lumpur.

4.9 KMO Validity Test

Testing the legitimacy is a critical part of the information investigation; the legitimacy checks the propriety of the information taken for the examination. The Kaiser-Meyer-Olkin (KMO) measures inspecting ampleness as a list used to analyze the propriety of element examination. In the event that KMO is more than 0.5 then it expresses that the investigation for the examination is proper.

Table 9 shows the variable results obtained from the KMO analysis, and it is clear to see that all the variables that were tested are above 0.5, meaning the sampling adequacy pattern of correlation is relatively compact and valid.

Table 9

KMO Factor Analysis Test

NO	Variables	No of Items	KMO Results (Expectation)	KMO Results (Perception)	Remarks
1	Tangibility	3	.687	.718	Good
2	Reliability	3	.699	.704	Good
3	Responsiveness	3	.685	.740	Good
4	Assurance	3	.691	.724	Good
5	Empathy	3	.695	.749	Good
6	Personal Needs	2	.500	.500	Good
7	Site Operation	2	.500	.500	Good
8	User Friendliness	2	.500	.500	Good
9	Website Efficiency	2	.500	.500	Good

4.10 Empirical Results and findings of Banks in Malaysia

Table 10 shows the results of the mean gap from all the variables that were tested in the questionnaire, and which of the variables should banks focus more on is discussed.

The sample mean score gap analysis conducted on all the variables to compare the expectation mean gap and the actual perception mean gap of respondents. There was a significant difference in the scores for expectation (TN=4.81, RE=4.82, RES=4.81, AS=4.80, EM=4.81, PNR=4.8, SOR=4.79, UFR=4.84, WEF=4.79) and perception (TN=4.71, RE=4.71, RES=4.79, AS=4.70, EM=4.70, PNS=4.72, SOR=4.70, UFR=4.71, WEF=4.7). The service score gap between both expectation and perception of the respondent is (TN=0.1, RE=0.11, RES=0.02, AS=0.1, EM=0.11, PNS=0.08, SOR=0.09, UFR=0.13, WEF=0.09).

These results suggest that both local and foreign banks need to focus more on closing the gap of their empathy (0.11), and user friendliness (0.13) variables. As the mean score of the variables, is on the high side. On the other hand, the results of the remaining variables show that the banks are doing good to close the gap between expectation and perceptions of their customers.

Table 10

Results from Service and E-Service Quality Mean Gap

Dimension	Statements (Coded)	Expectation Score	Perception Score	Service Gap Score
Tangibility	TN1	4.7650	4.705	0.06
	TN2	4.8150	4.7150	0.1
	TN3	4.8450	4.7000	0.15
Mean Score		4.81	4.71	0.1
Reliability	RE1	4.7750	4.710	0.07
	RE2	4.8250	4.7200	0.11
	RE3	4.8500	4.7050	0.15
Mean Score		4.82	4.71	0.11
Responsiveness	RES1	4.760	4.6900	0.07
	RES2	4.8150	4.7100	0.11
	RES3	4.8400	4.6950	0.15
Mean Score		4.81	4.79	0.02
Assurance	AS1	4.7600	4.7000	0.06
	AS2	4.810	4.7100	0.1
	AS3	4.8350	4.6950	0.14
Mean Score		4.80	4.70	0.1
Empathy	EM1	4.7700	4.690	0.08
	EM2	4.8200	4.7050	0.12
	EM3	4.8300	4.6900	0.14
Mean Score		4.81	4.70	0.11
E-SERVICE QUALITY				
Dimension	Statements (Coded)	Expectation Score	Perception Score	Service Gap Score
Personal Needs	PNS1	4.7750	4.7100	0.07
	PNS2	4.8250	4.7200	0.11
Mean Score		4.8	4.72	0.08
Site Organisation	SOR1	4.7650	4.6900	0.08
	SOR2	4.8150	4.7050	0.11
Mean Score		4.79	4.70	0.09
User-Friendliness	UFR1	4.825	4.7200	0.11
	UFR2	4.850	4.705	0.15
Mean Score		4.84	4.71	0.13
Website Efficiency	WEF1	4.7600	4.695	0.07
	WEF2	4.8100	4.7050	0.11
Mean Score		4.79	4.7	0.09

4.11 Empirical Results and findings of Domestic and Foreign Banks in Malaysia Using Paired Sample T-Test

The main purpose of choosing paired sample t-test as the SPSS tool for this research is because the sample t-test allows the researcher to compare the means of two unrelated group on the same continuous dependent variables. In this case, the two means compared is the expectation score and perception score domestic and foreign banks in Kuala Lumpur.

The tables below shows the combined variables used in testing the mean gap between customers expectation and perception in domestic and foreign banks in Kuala Lumpur. A detailed interpretation of the result will be provided below.

Based on the result in table 11, the mean for customers expectation regarding tangibility is 14.4250 and perception are 14.1200. For reliability, the expectation mean is 14.4500 and perception are 14.1350. Responsibility expectation mean is 14.4150 and perception 14.0950. The mean score for expectation regarding assurance is 14.4050 and perception score is 14.1050. For empathy, the mean is 14.4200, and the perception is 14, 0850. In regards to e-service quality variables tested, personal needs mean score for expectation is 9.6000 and perception are 9.43000. Site organisation mean score for expectation is 9.5800, and perception is 9.3950. User friendliness mean score for expectation is 9.6750, and perception is 9.4250. Lastly, website efficiency mean score for expectation is 9.5700, and perception is 9.4000. By comparing all the means, it clearly shows that the expectation of customers in domestic and foreign banks in Kuala Lumpur regarding service quality and e-service quality is higher than the perception.

Table 11

Paired Sample Statistics Box of Expectation and Perception of Domestic and Foreign Banks in Kuala Lumpur

	Mean	N	Std. Deviation	Std. Error Mean	
Pair 1	Tangibility Expectation	14.4250	200	.97423	.06889
	Tangibility Perception	14.1200	200	1.36194	.09630
Pair 2	Reliability expectation	14.4500	200	.97584	.06900
	Reliability Perception	14.1350	200	1.36605	.09659
Pair 3	Responsiveness expectation	14.4150	200	.97340	.06883
	responsiveness perception	14.0950	200	1.35838	.09605
Pair 4	assurance expectation	14.4050	200	.98785	.06985
	assurance perception	14.1050	200	1.35764	.09600
Pair 5	empathy expectation	14.4200	200	.97897	.06922
	empathy perception	14.0850	200	1.36642	.09662
Pair 6	Personal Needs expectation	9.6000	200	.69456	.04911
	personal needs perception	9.4300	200	.91063	.06439
Pair 7	Site Organisation expectation	9.5800	200	.69716	.04930
	Site Organisation Perception	9.3950	200	.90724	.06415
Pair 8	User Friendliness Expectation	9.6750	200	.66452	.04699
	User Friendliness Perception	9.4250	200	.90469	.06397
Pair 9	Website Efficiency	9.5700	200	.71249	.05038
	Website Efficiency Perception	9.4000	200	.90781	.06419

Table 12

Paired Sample Test Box of Expectation and Perception of Domestic and Foreign Banks in Kuala Lumpur

		Paired Differences					t	df	Sig.(2-tailed)
		Mean	Std. Dev.	Std. Er. Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Tangibility Expectation - Tangibility Perception	.305	1.103	.0780	.1511	.458	3.908	199	.000
Pair 2	Reliability expectation - Reliability Perception	.315	1.082	.0765	.1640	.465	4.116	199	.000
Pair 3	Responsiveness expectation - responsiveness perception	.320	1.078	.0762	.1696	.470	4.196	199	.000
Pair 4	assurance expectation - assurance perception	.300	1.125	.0795	.1430	.456	3.770	199	.000
Pair 5	empathy expectation - empathy perception	.335	1.062	.0751	.1868	.483	4.460	199	.000
Pair 6	Personal Needs expectation - personal needs perception	.170	.777	.0549	.0616	.278	3.093	199	.002
Pair 7	Site Organisation expectation - Site Organisation Perception	.185	.796	.0563	.0739	.296	3.286	199	.001
Pair 8	User Friendliness Expectation - User Friendliness Perception	.250	.787	.0557	.1401	.359	4.488	199	.000
Pair 9	Website Efficiency – Website Efficiency Perception	.170	.815	.0576	.0563	.283	2.949	199	.004

Table 12 is a result for the paired sample t-test that was generated for this research. The sample size of 200 respondents helped in filling the questionnaire on what their expectation on service quality and e-service quality of domestic and foreign banks in Kuala Lumpur, compared to their perception of the various banks as well. Based on the results, it shows that there is statistically significant mean difference between customer's expectation and perception of service quality and e-service quality in domestic and foreign banks in Kuala Lumpur. Customers expect more from their banks in regards to tangibility (14.43 ± 0.97) as compared to the perception (14.12 ± 1.36); a statistically significant gap where the mean gap is (0.305), p-value (0.000), $t(199) = 3.908$. For reliability, customers expect more from their banks (14.45 ± 0.98) as compared to perception (14.12 ± 1.37); a statistically significant gap where the mean gap is (0.315), p-value (0.000), $t(199) = 4.116$. The customer expects more from their banks in regards to responsiveness (14.42 ± 0.97) as compared to perception (14.095 ± 1.36); a statistically significant gap where the mean gap is (0.32), p-value (0.000), $t(199) = 4.196$. In regards to assurance, customers expect more (14.41 ± 0.99) as compared to perception (14.11 ± 1.36); a statistically significant gap where the mean gap is (0.300), p-value (0.000), $t(199) = 3.770$. The customers expect more in regards of empathy (14.42 ± 0.99) as compared to perception (14.09 ± 1.37); a statistically significant gap where the mean gap is (0.335), p-value (0.000), $t(199) = 4.460$.

When asked about e-service qualities of their various banks, customers expect more in regards to personal needs (9.60 ± 0.69) as compared to perception (9.43 ± 0.91); a statistically significant gap where the mean gap is (0.170), p-value (0.002), $t(199) = 3.093$. The customers expect more in regards to site organisation (9.58 ± 0.70) as compared to perception (9.40 ± 0.91); a statistically significant gap where the mean gap is (0.185), p-value (0.001), $t(199) = 3.286$. As for user friendliness of their services, customers expects more (9.68 ± 0.66) as compared to perception (9.43 ± 0.90); a statistically significant gap where the mean gap is (0.250), p-value (0.000), $t(199) = 4.488$. Lastly, the customer expects more from their banks in regards to website efficiency (9.57 ± 0.71) as compared to perception (9.40 ± 0.91); a statistically significant gap where the mean gap is (0.170), p-value (0.004), $t(199) = 2.949$.

4.12 Hypotheses

H1: There is a significant gap in customer's expectation and perception in tangibility.

From the analysis in table 12, it is noted that the P value for both expectations and perception (0.000), is less than 0.05. Therefore, the alternate hypothesis is accepted. Hence, it is concluded that There is a significant gap in customer's expectation and perception in tangibility.

H2: There is a significant gap in customer's expectation and perception in reliability.

From the analysis in table 12, it is noted that the P value for both expectations and perception (0.000), is less than 0.05. Therefore, the alternate hypothesis is accepted. Hence, it is concluded that There is a significant gap in customer's expectation and perception in reliability.

H3: There is a significant gap in customer's expectation and perception in responsiveness.

From the analysis in table 12, it is noted that the P value for both expectations and perception (0.000), is less than 0.05. Therefore, the alternate hypothesis is accepted. Hence, it is concluded that There is a significant gap in customer's expectation and perception in responsiveness.

H4: There is a significant gap in customer's expectation and perception in assurance.

From the analysis in table 12, it is noted that the P value for both expectations and perception (0.000), is less than 0.05. Therefore, the alternate hypothesis is accepted. Hence, it is concluded that There is a significant gap in customer's expectation and perception in assurance.

H5: There is a significant gap in customer's expectation and perception in empathy.

From the analysis in table 12, it is noted that the P value for both expectations and perception (0.000), is less than 0.05. Therefore, the alternate hypothesis is accepted. Hence, it is concluded that There is a significant gap in customer's expectation and perception in empathy.

H6: There is a significant gap in customer's expectation and perception in E-Service Quality.

From the analysis in table 12, it is noted that the P value for both expectations and perception (0.002) of personal needs, is less than 0.05. For site organisation, the p-value for expectation and perception (0.001), is less than 0.05. For user friendliness, the p-value for expectation and perception (0.000), is less than 0.05. Lastly, for website efficiency, p-value for expectation and perception (0.004), is less than 0.05. Therefore, the alternate hypothesis is accepted. Hence, it is concluded that There is a significant gap in customer's expectation and perception in e-service quality.

5. Conclusion

The research aimed at assessing the gap between customer's expectation and perception on service quality and e-service quality of foreign and domestic banks in Kuala Lumpur through the developing of hypotheses questions based on previous literature reviews. A positive approach was adopted for the structure of the study, as the need for quantitative methodology was best suitable for the research. This lead to the adoption of SERVQUAL and E-SERVQUAL dimensions in measuring the degree of service quality and e-service quality rendered by the banks in Kuala Lumpur. With the results analysed with the help of statistical application known as SPSS, it is clear that the data received are valid and reliable.

The research findings suggest that the six hypotheses developed are all accepted. As the p-values for tangibility, reliability, responsiveness, assurance, empathy, and e-service quality variables for both expectation and perception of the foreign and domestic bank in Kuala Lumpur, is less than 0.05, which means there is a significant gap between what customers expect from their banks, and what they perceive. However, the banks in Kuala Lumpur, both domestic and foreign, need to take certain measures to close such gap, as it is important to give quality service to customers, just the way they expect it to be.

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